

| [NODIS Library](#) | [Financial Management\(9000s\)](#) | [Search](#) |



# **NASA Procedural Requirements**

**NPR 9620.1A**

Effective Date: May 17, 2017

Expiration Date: May 17, 2027

**COMPLIANCE IS MANDATORY FOR NASA EMPLOYEES**

---

## **Payroll (Revalidated with Change 1)**

**Responsible Office: Office of the Chief Financial Officer**

# **Table of Contents**

## **Change Log**

## **Preface**

- P.1 Purpose
- P.2 Applicability
- P.3 Authority
- P.4 Applicable Documents and Forms
- P.5 Measurement/Verification
- P.6 Cancellation

## **Chapter 1. General Overview**

- 1.1 Overview
- 1.2 Roles and Responsibilities
- 1.3 Internal Control

## **Chapter 2. Payroll Electronic Processing**

- 2.1 Agency Requirements
- 2.2 Management Objective
- 2.3 Functions for Payroll Processing

## **Chapter 3. Time and Attendance**

- 3.1 Agency Requirements
- 3.2 Reporting and Approval
- 3.3 Time and Attendance Reports

## **Chapter 4. Leave**

- 4.1 Agency Requirements
- 4.2 Requirement for Recording Leave
- 4.3 Reporting Leave Data, Transfers, and Separations

## **Chapter 5. Gross Pay Calculations**

- 5.1 Agency Requirements
- 5.2 Gross Payroll Systems Objectives

## **Chapter 6. Allowances And Other Special Entitlements**

- 6.1 Overview
- 6.2 Agency Requirements
- 6.3 Various Types of Allowances and Special Entitlements

## **Chapter 7. Withholding of Deductions From Gross Pay**

- 7.1 Agency Requirements
- 7.2 Authorization
- 7.3 Types of Deductions
- 7.4 Order of Withholding Preference for Deductions
- 7.5 Other Deductions

## **Chapter 8. Payroll-Related Disbursements**

- 8.1 Agency Requirements
- 8.2 Certification and Transmission

## **Appendix A. Acronyms**

## **Appendix B. References**

## **Appendix C. Funding Sources for Employment Incentives/Termination Costs**

# Change History

Ch #	Date	Description/Comments
1	01/14/2022	Revalidated directive to comply with 1400 Compliance, to include administrative changes, corrected citations in P.3 & P.4 title changes through out, and created Appendix C, References.

# Preface

## P.1 Purpose

This NASA Procedural Requirements (NPR) document provides general principles, standards, policies, and procedures to ensure compliance with statutory and regulatory requirements for the pay, leave, and allowances of National Aeronautics and Space Administration (NASA) employees. Subjects cover and supplement existing regulations by complementing Office of Management and Budget (OMB), Office of Personnel Management (OPM), Government Accountability Office (GAO), Treasury regulation, and other authorities as cited in the Authorities Section.

## P.2 Applicability

- a. This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers.
- b. In this directive, all mandatory actions (i.e., requirements) are denoted by statements containing the term "shall." The terms "may" denotes a discretionary privilege or permission, "can" denotes statements of possibility or capability, "should" denotes a good practice and is recommended, but not required, "will" denotes expected outcome, and "are/is" denotes descriptive material.
- c. In this directive, all document citations are assumed to be the latest version, unless otherwise noted.

## P.3 Authority

- a. Labor-Management Relations, 5 U.S.C. ch. 71.
- b. Compensation for Work Injuries, 5 U.S.C. ch. 81.
- c. Federal Employees Retirement System (FERS), 5 U.S.C. ch. 84.
- d. Life Insurance, 5 U.S.C. ch. 87.
- e. Health Insurance, 5 U.S.C. ch. 89.
- f. Case Administration, 11 U.S.C. ch. 3.
- g. Criteria for Establishing Appropriated Fund Wage Areas, 5 Code of Federal Regulations (CFR) § 532.211.
- h. Order of Precedence When There is Insufficient Pay to Cover All Deductions, 5 CFR § 550.313.
- i. Relationship to Additional Pay Payable Under Other Statutes, 5 CFR § 550.907.
- j. Time Limit for Use of Restored Annual Leave, 5 CFR § 630.306.
- k. National Archives and Records Administration (NARA) General Records Schedule (GRS) -Transmittal 10 transmits GRS 2.5.

1. NASA Policy Directive (NPD) 9010.2, Financial Management.

## **P.4 Applicable Documents and Forms**

- a. Locality-Based Comparability Payments, 5 U.S.C. § 5304.
- b. Fees for Jury and Witness Service, 5 U.S.C. § 5337.
- c. Prevailing Rate Determinations, Wage Schedules: Night Differentials, 5 U.S.C. § 5343.
- d. Installment Deduction for Indebtedness to the United States, 5 U.S.C. § 5514.
- e. Night, Standby, Irregular, and Hazardous Duty Differential, 5 U.S.C. § 5545.
- f. Lump-sum Payment for Accumulated and Accrued Leave on Separation, 5 U.S.C. § 5551.
- g. Lump-sum Payment for Accumulated and Accrued Leave on Entering Active Duty, 5 U.S.C. § 5552.
- h. Severance Pay, 5 U.S.C. § 5595.
- i. Back Pay Due to Unjustified Personnel Action, 5 U.S.C. § 5596.
- j. Recruitment and Relocation Bonuses, 5 U.S.C. § 5753.
- k. Retention Bonuses, 5 U.S.C. § 5754.
- l. Uniform Allowances, 5 U.S.C. §§ 5901-5902.
- m. Allowances, 5 U.S.C. §§ 5921-5928.
- n. Annual Leave, Accumulation, 5 U.S.C. § 6304.
- o. IRS Tax Attorney, 5 U.S.C. § 6331.
- p. Definitions, 5 U.S.C. § 8101.
- q. Unemployment Compensation, 5 U.S.C. ch. 85.
- r. Levy and Distraint, 26 U.S.C. § 6331.
- s. Definitions, 5 CFR § 550.301.
- t. Authority of Agency, 5 CFR 550.311.
- u. Back Pay Comutations, 5 CFR §§ 550.805.
- v. Pay Administration Under the Fair Labor Standards Act (FLSA), 5 CFR pt. 551.
- w. Agency Regulations, 5 CFR § 550.1104.
- x. Exclusions, 5 CFR § 581.105.
- y. Exclusions 5 CFR § 582.103.
- z. Claims for Compensation Under the Federal Employees' Compensation Act, as amended, 20 CFR, pt. 10.

- aa. Unemployment Compensation for Federal Civilian Employees, 20 CFR pt. 609.
- bb. Management of Federal Agency Disbursements, 31 CFR pt. 208.
- cc. Recipient Responsibilities, 31 CFR § 208.4.
- dd. National Archives and Records Administration, 36 CFR pts. 1220-1290.
- ee. NPD 9645.2, Claims for Erroneous Payment of Pay and Allowances, Travel, Transportation, and Relocation Expenses and Allowances.
- ff. NPR 3530.1, NASA Pay and Compensation Policy.
- gg. NPR 3600.2, NASA Telework Program.
- hh. NPR 9010.3, Internal Management Controls.
- ii. NPR 9060.1, Accrual Accounting - Revenues, Expenses, and Program Costs.
- jj. NPR 9470.1, Budget Execution.
- kk. Internal Revenue Service (IRS) Publication 599, Survivors, Executors, and Administrators.
- ll. Statement on Standards for Attestation Engagements (SSAE) 19, Agreed upon Procedures Engagement.
- mm. IRS Form 668-W, Notice of Levy on Wages, Salary, and Other Income.
- nn. IRS Form 2159, Payroll Deduction Agreement.
- oo. IRS Form W2, Wage and Tax Statement.
- pp. IRS Form W4, Employees Withholding Allowance Certificate.
- qq. Voucher and Schedule of Payments, Standard Form (SF) 1166.

## **P.5 Measurement/Verification**

Quality control reviews and analysis of financial and budgetary reports and data submitted through the continuous monitoring program will be used to measure compliance with this NPR.

## **P.6 Cancellation**

NPR 9620.1, Payroll, dated September 30, 2008.

REVALIDATED ON 1/14/2022

# Chapter 1. General Overview

## 1.1 Overview

This NPR sets forth general principles, standards, policies, and procedures to ensure compliance with statutory and regulatory requirements for the pay, leave, and allowances of National Aeronautics and Space Administration (NASA) employees. This NPR supplements existing regulations issued by OMB, OPM, GAO, Treasury, and other authorities as cited in Section P.3.

## 1.2 Roles and Responsibilities

1.2.1 Agency Deputy Chief Financial Officer for Financer (DCFO(F)) shall:

- a. Approve the use of any payroll processing and related system to ensure it will perform the payroll functions consistent with and as needed for the financial process of NASA.
- b. Ensure any outsourcing arrangement for payroll processing includes provision for an annual audit consistent with Statement on Standards for Attestation Engagements (SSAE) 19, Agreed Upon Procedures Engagement.
- c. Ensure funds certifications are required before payroll processing to check for the availability of funds for payroll disbursements.
- d. Ensure the payroll process is designed to meet the financial objectives of payroll including timely updates in form and content consistent with NASA financial accounting and full cost management.
- e. Ensure appropriate reconciliation processes are designed so updates to NASA financial systems are consistent with source data.
- f. Be apprised of the results of audits and reviews of payroll processing and ensure corrective action is appropriately taken.
- g. Ensure the payroll process is designed to meet the management objectives for proper payment to employees.
- h. Require employees to use Electronic Funds Transfer (EFT) for net pay deposits in their bank unless a waiver has been granted in accordance with Recipient Responsibilities 31 CFR § 208.4.

1.2.2 The Agency Office of the Chief Financial Officer (OCFO), Director for the Quality Assurance Division (QAD), shall:

- a. Implement a process to ensure internal reviews of time and attendance (T&A) accuracy have been conducted.
- b. Implement a process to ensure appropriate audit reviews have been conducted by a party independent of the payroll processing systems, including the reviews of the accuracy of data interfaced to and from the payroll processing system to other systems within NASA and data supplied by NASA's external payroll service provider.
- c. Implement a process to ensure appropriate reviews, reconciliations, and adherences to internal

control have been observed.

1.2.3 NASA Office of the Chief Human Capital Officer (OCHCO) shall:

- a. Approve the use of any payroll processing system to ensure it will perform the payroll function consistent with rules, regulations, record retention, and processes needed for the pay, benefit, and tax administration of the NASA workforce.
- b. Ensure effectiveness and efficiency of Human Resources (HR) functional programs and policies designed to support workforce management, identify best practices and benchmarking studies in workforce management issues, define requirements for and provide management oversight of Agency workforce and HR functional information systems, and ensure accountability for information contained in these systems.
- c. Support the Agency DCFO(F) in ensuring NASA and the payroll service provider maintain employee personnel and payroll documentation in alignment with Federal and NASA policies.

1.2.4 Each Center DCFO(F) shall:

- a. Ensure the financial integrity of NASA payroll information provided from their Center to the NASA core financial system so Agency financial reporting fairly represents the financial position of NASA.
- b. Ensure Center personnel are apprised/informed of proper labor charging practices in accordance with fiscal appropriations limitations/stipulations. See Appendix C, Funding Sources for Employment Incentives/Termination Costs, for details on funding sources that may be used.

1.2.5 The NASA Shared Services Center (NSSC) Payroll Office (NPO) shall:

- a. Maintain the liaison with each NASA Center payroll office including the collection of the inputs from T&A processing.
- b. Correct errors or contact submitting office or employee to obtain information necessary to correct errors detected.
- c. Provide technical support and direction for payroll electronic processing-related systems and activities.
- d. Maintain employee and payroll report files and other payroll document files as necessary.
- e. Resolve processing problems with NASA's external payroll service provider and throughout NASA.
- f. Examine all T&A data and all other documents or data inputs affecting an employee's pay and deductions for completeness, certification, and approval.
- g. Examine the results of payroll processing for consistency with the policies and procedures in this NPR.
- h. Oversee data processing through the T&A system and the system used by NASA's external payroll service provider.
- i. Coordinate with Centers, Applications Program (AP), and NASA's external payroll service provider for payroll processing-related activities.



j. Validate Transfer Debts received from Payroll Provider prior to Debt notices being issued to an employee.

1.2.6 NASA AP shall:

- a. Maintain and operate the T&A system in accordance with NASA information technology policies and procedures.
- b. Transfer payroll files to and from NASA's selected Federal payroll service provider.
- c. Maintain employee and payroll report files and other payroll document files in accordance with Federal and NASA record retention policies.
- d. Operate, update, and ensure accuracy of interfaces of the T&A system with the Agency Labor Distribution System (ALDS) and the core financial system.
- e. Ensure the payroll, as processed, is accurately updated into the core financial system and in agreement with the payroll processing system data.
- f. Review reconciliations between the payroll, processing, system, the T&A system, ALDS, core financial system, and Centers to ensure corrections are made.
- g. Maintain liaison with NASA's selected Federal payroll service provider's payroll processing office for NASA including the provision for handling NASA's payroll data.
- h. Import the payroll labor cost file into the ALDS for Centers' review and reconciliation of labor cost distribution.
- i. Be responsible for the accurate update and operation of the ALDS.

1.2.7 Center Labor Analysts shall:

- a. Maintain start and end dates for valid charge codes within the T&A system.
- b. Prepare and process the monthly payroll data in ALDS and post the payroll data into NASA's core financial system.
- c. Coordinate operation, scheduling, updates, and efforts to ensure the accuracy of interfaces with the ALDS and the core financial system with the AAO.
- d. Review and conduct reconciliations between the payroll processing system, the T&A system, the ALDS, and the core financial system to ensure corrections are made.
- e. Coordinate with the AAO to ensure the payroll as processed is accurately updated into the core financial system and in agreement with the payroll processing system data.
- f. Coordinate with the AAO and Center Resource Office to resolve funds certification issues during ALDS processing.
- g. Coordinate with the AAO to run data diagnosis for payroll data to ensure appropriate update in the payroll processing system.
- h. Work with the AAO for payroll balancing issues.

1.2.8 NASA employees shall:

- a. Use Employee Express to update most deductions and benefits.
- b. Request employment verification through the Agency's selected employment verification system. If a signed letter on NASA letterhead is required (such as a university-required signed letter), request it through the servicing Human Resources Services Office.
- c. Record T&A accurately and timely through the T&A system. This includes proper recording of hours in a work or leave status and hours worked to appropriate labor code(s).

1.2.9 NASA supervisors shall:

- a. Certify employee's T&A usage through the T&A system.
- b. Certify the consistent use and accuracy of labor code(s) and the accuracy of hours.

1.2.10 NASA's external payroll service provider serves as the payroll provider for NASA and performs all payroll and personnel functions in alignment with Federal policies and regulations. NASA's external payroll service provider's roles and responsibilities are described in the NASA Service Level Agreement document, the Interagency Agreement document, and the SSAE 16 document. In addition, per NASA Office of the Chief Information Officer (OCIO) policies, NASA maintains Interface Control Documents (ICDs) between NASA's T&A system and the system(s) used by NASA's external payroll service provider.

## 1.3 Internal Control

1.3.1 The Agency DCFO(F), the Agency OCFO QAD, the NPO, the AAO, and others with payroll-related responsibilities shall regularly review internal control procedures (see NPR 9010.3) to ensure they remain effective. Internal controls over payroll operations include, but are not limited to, the following:

a. Separation of duties is required in performance of the activities listed below. Where the size of the organization does not permit separation of these duties, the most effective separation feasible under the circumstances will be provided. In any case, item (1) will always be separate from the other duties:

- (1) Authorization of pay and entitlements.
- (2) Certification of payments.
- (3) Payroll computation.
- (4) Recording of payroll data in accounts.
- (5) Distribution of pay.
- (6) Review of payroll transactions.
- (7) Automated system development.
- (8) System testing.
- (9) System implementation.
- (10) System maintenance.

b. The following will be restricted to authorized personnel.

- (1) Access to personnel, payroll, and disbursement records or data files.
- (2) Access to forms used in authorizing special entitlements, allowances, and pay rates.
- (3) Payroll processing equipment and related software.

c. Wherever feasible, employees engaged in payroll activities will not maintain or provide service for their own payroll and personnel records. Where the size of an office is so small this is not feasible, employees may only maintain and provide service for their own routine deductions through Employee Express, such as withholding exemptions for Federal, state and local tax purposes, and voluntary allotments.

d. To detect inappropriate data at the earliest time and to the extent practical, data entered into automated payroll systems will be subjected to computerized edits when entered. Data elements not susceptible to such edits will be edited at the earliest practical time. Inappropriate data detected will be promptly investigated, corrected, and, if appropriate, reprocessed. A record of such data, its originator, and its disposition will be maintained.

e. To ensure source documents processed are accurate, complete, and properly authorized, corrections and other adjustments to official documents will be approved in writing or by utilizing the automated system adjustment processes.

f. Internal management reviews will be performed to ensure payroll operations are efficient, effective, and in accordance with laws, regulations, and legal decisions.

g. In the case of service providers performing payroll services, audits consistent with the requirements of SSAE-16 will be performed to ensure payroll operations are efficient, effective, and in accordance with laws, regulations, and legal decisions.

# Chapter 2. Payroll Electronic Processing

## 2.1 Agency Requirements

2.1.1 It is NASA policy to effectively use electronic processing to the extent possible to accomplish payroll objectives (see Section 2.2, Management Objectives). The electronic processing of NASA payroll transactions, distribution of payroll costs, and update of NASA accounting systems and information systems require coordination of management efforts and system processing within NASA and among other agencies and financial institutions. All of the following will work together for an effective payroll process:

- a. Collection and processing of personnel data from HR actions to calculate pay consistent with grade, position classification, and other individual entitlements.
- b. A payroll processing mechanism to receive all the data and do the electronic calculations.
- c. Interaction with OPM to ascertain the rates for pay, benefits, and other personnel information.
- d. Receipt of T&A data each pay period to be used to calculate base pay and pay for leave categories.
- e. Information on employee benefit and other deductions to calculate deductions from pay and contributions from NASA to pay for these items.
- f. Import of the payroll labor cost file into the Agency's labor system for Centers' review and reconciliation of labor cost distribution.
- g. Electronic interfaces from and to other systems for receiving payroll data and processing output for accounting and information needs and electronic banking.
- h. Record keeping, reconciliation of data, and reporting.

## 2.2 Management Objective

2.2.1 Any system or systems used in NASA will meet the objectives of NASA payroll management which are:

- a. Prompt payment in the proper amount to all entitled persons in compliance with laws, regulations, and legal decisions.
- b. Payment by EFT in accordance with the Debt Collection Improvement Act of 1996 and Management of Federal Agency Disbursements, 31 CFR pt. 208, except where a waiver has been granted in accordance with 31 CFR § 208.4.
- c. Proper accounting for and disposition of all authorized deductions from gross pay.
- d. Adequate control over retention and disposition of all payroll-related documents.
- e. Preparation of adequate and reliable payroll records. Individual pay records for all personnel will be maintained to show gross compensation (including allowances by type and amount), deductions

(including allotments) by type and amount, and net pay for each pay period. As a part of NASA's financial management system, these records will be maintained by calendar year, leave year, tax year, or fiscal year, to support:

- (1) Management information needs.
- (2) Planning, preparation, execution, and review of the budget.
- (3) Internal and external reporting requirements.
- f. Effective communication with employees on payroll matters.
- g. Adequate control over all phases of pay, leave, and allowances.
- h. Effective interaction of the payroll with the general ledger, personnel, cost accounting functions, and other NASA work efforts requiring payroll information.
- i. Adherence to Internal Control Methods (NPR 9010.3).
- j. Collection and processing of payroll data consistent with a standard of accuracy, timeliness, complete reliability, and consistency.
- k. Provision of an audit trail to facilitate audits and reconcile and validate data.

## **2.3 Functions for Payroll Processing**

2.3.1 NASA's policy promotes efficiency of automation and electronic banking through the following seven functions, needed to process payroll. NASA uses an integrated system for the payroll processing to provide the data necessary for NASA systems and reporting. Discussion of policies, procedures, and systems related to payroll follow.

### **2.3.2 Benefits Administration Function.**

2.3.2.1 OPM is NASA's selected service provider for the employee benefits information system. The information system is self-service for employees. The NSSC administers the Federal benefits and retirement programs for NASA's civilian employees.

2.3.2.2 NASA employees will (unless exempted by waiver) use the automated system to enter discretionary payroll and personnel transactions such as Federal and state tax withholding, discretionary allotments, and home address.

### **2.3.2.3 Time and Attendance (T&A) Processing Function.**

2.3.2.4 Policy. A T&A system will be used to record employees' time in a pay and non-pay status for purposes of computing pay, leave, and allowances. NASA's T&A system will:

- a. Process records so payroll data includes Work Breakdown Structure (WBS), to facilitate the use of NASA's Financial Classification Structure (FCS) when processing payroll labor cost for transmission to NASA's core financial system. This is instrumental for management purposes such as Full Cost Reporting.
- b. Meet the objectives of this NPR.
- c. Be used by NASA employees to enter T&A transactions.

- d. Interface data and files to and from the payroll processing systems and other systems whenever feasible to avoid duplication of entry.
- e. Adopt procedures, checks, edits, and on-line verification as necessary to ensure the accurate processing of transactions.

2.3.2.5 NASA uses a T&A system for recording and reporting T&A. OCFO provides oversight, and Center CFO personnel or HR personnel provide data entry and system operation. The data entered in the T&A system is electronically interfaced through NASA-managed middleware:

- a. To the labor distribution system for management of NASA financial codes for labor distribution.
- b. To NASA's external payroll service provider's payroll system to calculate payroll.
- c. From NASA's external payroll service provider's payroll system to NASA's labor distribution system to determine amounts for labor distribution financial coding based on the payroll calculations.
- d. Finally, from the labor distribution system to the NASA core financial system with cost updates complete with financial coding for labor distribution.

### 2.3.3 Leave Processing.

2.3.3.1 The recording of accrued leave taken by an individual is handled through the T&A system.

2.3.3.2 NASA uses automated leave processing systems for the following:

- a. Calculation and maintenance of all activities associated with determination of proper leave balances for all types of leave including advances, accruals, usages, forfeitures, limitations, and transfers.
- b. Application of current period leave accruals and leave charges to each employee's available leave balances, leave transfers, donations to leave banks or individuals, adjustments to leave balances for restored leave, Equal Employment Opportunity (EEO) settlements, and similar after-the-fact situations.
- c. Processing of leave forfeitures and carryovers for each employee.
- d. Performing all the functions needed for handling leave in this NPR.
- e. Updating through a single entry process.
- f. Permitting the maintenance of leave records for each employee.

2.3.3.3 The T&A system handles the automated T&A process for leave actually taken by category. Performance of the leave maintenance function for each employee resides with NASA's external payroll service provider.

### 2.3.4 Pay Processing.

2.3.4.1 The payroll processing system comprises the central processing system for calculating payroll. It is the repository of all information collected from the systems and functions discussed in this section as needed to process payroll and is the supplier of record keeping information and report information.



2.3.4.2 The payroll system for NASA will be the only central payroll processing system used by NASA. In case of a service provider, a Standard Service Level User agreement will be executed to provide payroll processing for all of NASA through a uniform payroll system. The payroll system will:

- a. Calculate gross pay, deductions, and net pay, employee, and employer contributions for each employee on an effective pay period basis.
- b. Compute gross pay as the sum of each rate of pay times the number of units related to it, minus retirement annuity offsets, if applicable, plus all appropriate allowances and/or other gross pay components, classify and total deductions, subtract total deductions from gross pay, and apply formulas or utilize tables to determine employer contributions required for certain payroll taxes and benefits.
- c. Provide data meeting NASA's payroll informational needs. This includes NASA's criteria for accounting records, reporting purposes, and payroll administration at the employee level and aggregate level.
- d. Have the necessary capability to perform the entirety of the functions in this chapter for payroll processing and meet the objectives of payroll in conjunction with other NASA systems and processes in accordance with this NPR.
- e. Permit the reconciliation between NASA financial systems and other systems receiving data from the payroll processing system.
- f. Allow for meeting the Fund Control Objectives of NASA (see NPR 9470.1, Budget Execution) to be met before payments are disbursed.

2.3.4.3 NASA's external payroll service provider provides full payroll processing services including most of NASA's payroll processing related external reporting requirements. However, the ALDS provides supplemental processing for detail cost calculations. Overall, NASA adopted its external payroll service provider's system for the following:

a. Payroll Functions.

(1) Payroll accounts maintenance.

(a) Leave and pay processing.

(b) Disbursement of pay.

(c) Back pay administration.

(d) Error correction and adjustment to and from NASA's external payroll service provider's system.

(e) Off-cycle payments.

(f) Audit and research of payroll data.

b. Debt Management.

(1) Salary overpayments.

(2) Collection actions.

(3) Debt reporting and tracking.

(4) Garnishment and legal actions.

c. Payroll Accounting.

(1) Treasury/bank liaison.

(2) Lost/stolen checks and bonds.

(3) Accounting reconciliations for disbursements (through Treasury).

(4) Determination of amounts for payroll obligation and accruals for posting into the NASA core financial system through the labor distribution system.

d. Taxes and Collections.

(1) Federal.

(2) State.

(3) City.

(4) Local.

(5) Includes processing of all forms for personnel tax administration such as IRS Form W-2, Wage and Tax Statement and IRS Form W-4, Employees Withholding Allowance Certificate.

e. Employee Benefit Payment Processing.

(1) Retirement.

(2) Life Insurance.

(3) NASA Employee Benefits Association.

(4) Federal Employees Health Benefits.

(5) TSP and Thrift Loans.

(6) Employee direct deposits including for allotments.

f. The following are handled through NASA's external payroll service provider's system through a series of electronic one-way interfaces from NASA's external payroll service provider to the recipient organization with the exception of Employee Express and the OPM-selected Federal employee long-term health care insurance provider, where there is a two-way data exchange from and to these entities.

(1) EFT through Treasury to handle most payments.

(2) Non-EFT payments distributed via printed check for disbursement through Treasury.

(3) Retirement and insurance disbursements to OPM.

(4) Central Personnel Data File for update of personnel information to OPM.

(5) Employee self-service information to and from Employee Express.



- (6) Automated group health changes to OPM Electronic Health Benefits system.
- (7) Unemployment taxes for Unemployment Compensation.
- (8) Data to the Equal Employment Opportunity Report System.
- (9) Long-term health care information to and from the long-term health care provider.
- (10) Employee health insurance reconciliation interface with Health Benefit Enrollment Reconciliation.
- (11) Saving bond file with the Federal Reserve.
- (12) Social Security Administration files for child support enforcement.
- (13) State of California Directory of New Hires and Quarterly Wage Data.
- (14) IRS Form W-2 file with the Internal Revenue Service (IRS).

g. Interfaces between NASA's external payroll service provider's system and NASA information systems are documented in Interface ICDs, per OCIO policy.

### 2.3.5 Labor Cost Distribution.

2.3.5.1 General. The labor distribution process in summary is the distribution of civil servant employee's labor cost plus associated overhead type cost (fringe benefits, paid leave, etc.) by financial classification structures. Due to full cost, NASA's labor distribution also will fairly and equitably allocate costs to projects and programs. NASA has a standard labor distribution system, the ALDS, used by all Centers, NSSC, and Headquarters.

2.3.5.2 Policy. NASA policy for labor distribution is:

- a. To provide one labor distribution process as an integral part of the payroll system.
- b. To accumulate cost information for use in budgeting and controlling costs, performance measurement, determining fees and prices for services, assessing programs, and management decision making. Labor costs are an integral part of determining the cost of doing business.
- c. To accumulate cost to report workforce/labor information for full cost purposes, to understand where people, work and the related cost and for full cost accounting and management.
- d. To accumulate work units by cost object (e.g., organization and activity) and responsible Center and to provide that data to other systems performing cost accounting functions.
- e. To calculate, distribute, and update NASA payroll so labor cost is recorded consistent with the benefiting activities as reflected in NASA's Financial Classification Structure (FCS). This information is needed for NASA full cost management, personnel management, and budget development and management purposes.
- f. To ensure the labor distribution process distributes civil servant employees labor cost plus associated overhead type cost (fringe benefits, paid leave, hours associated with travel, etc.) by NASA's FCS, which includes the work breakdown structure (WBS), Fund, Internal Order, Cost Center, and Object Class for transmissions to NASA's core financial system.
- g. To validate the data against anticipated results and format it for submission to the core financial

system.

- h. To submit the data for posting to other NASA financial systems and HR systems.
- i. To provide the capability of reconciling the data electronically with the payroll processing system and other systems as necessary.
- j. To handle NASA accruals according to the following policy for Personnel Compensation, Personnel Benefits, and Related Payments (Object Class Code (OCC) 11, 12, 13, and 14).

(1) Gross compensation (OCC 11), including overtime, will be accrued through the end of each month. A labor distribution system may be used to distribute actual charges to cost accounts and to credit accounts payable. A month-end record cutoff will be made if practicable. If a record cutoff is not feasible or the labor distribution to cost accounts does not vary significantly from payroll period to payroll period, the cost distribution of a representative preceding payroll or the total annual payroll to date may be used in determining the current accrual. Labor cost accruals will be distributed to the appropriate benefiting project(s) and functions. Merit bonuses and awards are accrued in the month in which the Center OCFO is notified of the liability for payment.

(2) Benefits (OCC 12 and 14), including NASA contributions to Social Security, retirement funds, the TSP, and group health and life insurance programs will be accrued in the same manner as gross compensation. Other benefits, such as relocation-related real estate costs and personnel allowances, will be accrued in the month in which notification of the liability for payment is received. (Reference NPR 9060.1, Accrual Accounting - Revenue, Expenses, and Program Costs).

(3) Payments to OPM for reemployed annuitants and severance pay for former employees (OCC 13) will be accrued in the same manner as gross compensation.

(4) Recruitment and relocation bonuses and retention allowances will be accrued in the month in which the financial servicing Center is notified of the requirement for payment.

2.3.5.3 NASA's external payroll service provider's system does not offer labor distribution functionality fully adequate for NASA purposes. To supplement this, NASA utilizes ALDS:

- a. To receive T&A data from the T&A system and process it to assign project codes associated with gross payroll cost for T&A hours, hour types, adjustments, and rollup cost for various additives (e.g., fringe benefits).
- b. To process T&A data so it can be electronically interfaced to NASA's external payroll service provider's system for payroll processing.
- c. To receive the payroll as processed by NASA's external payroll service provider and further process the data for cost allocation purposes.
- d. As a source system for updating the core financial system for General Ledger Records and Business Objects purposes.
- e. As a source for any other NASA system needing the data.
- f. To check for fund availability to meet the fund control objectives of NASA (see NPR 9470.1).

2.3.6 Reporting, Reconciliation, and Records Retention Functions.

2.3.6.1 NASA payroll-related systems will provide reporting that:

- a. Is accessible and formatted as required to satisfy regulatory, managerial, and accounting information requirements including full-cost requirements.
- b. Is generated at specific time intervals or upon request, including reports spanning fiscal years, calendar years, or other time periods to meet user needs and other requirements.
- c. Produces user outputs including all vouchers and reports necessary to recognize payroll expenses and authorize related disbursements.
- d. Includes external reports including those required by Treasury, OPM, the Department of Labor, the Federal Retirement Thrift Investment Board, and others.
- e. Includes managerial reports including control reports used by human resources/payroll office staff members, as well as reports used by others such as supervisors.

2.3.6.2 The systems involved in payroll processing will provide reconciliation functionality to compare data between systems. For ease of reconciliation:

- a. All data for the payroll system is to be recorded based on a one-time single point of entry. The data may be entered directly into the payroll system or updated through an electronic interface with the payroll system.
- b. All data from the payroll system to other systems is to be updated through an electronic interface with the payroll system.
- c. Data between systems is to be electronically reconciled to flag any differences and procedures developed to make corrections with notification to or through the efforts of the responsible employees.

2.3.6.3 For record retention, the payroll function will:

- a. Provide for maintaining, storing, and permitting ready retrieval of employment and payroll data for the time period required by law. The system will be nimble enough to handle timeframes and record keeping requirements that differ depending on the subject matter.
- b. Abide by regulations concerning the handling of records created within the Federal Government as written by the National Archives and Records Administration (NARA), 36 CFR 1220-1290.

2.3.6.4 Providers of NASA payroll-related reports, reconciliation, and record retention.

a. The following will be provided by NASA's external payroll service provider:

(1) Reporting, reconciliation, and record retention for automated data processed through the payroll system.

(2) Processing through electronic interfaces to report payroll data to the following key NASA systems receiving payroll data:

(a) NASA core financial system, General Ledger, and the Agency's reporting systems for financial reporting and management.

(b) NASA's external payroll service provider's data is reconciled electronically with the data updated in NASA systems. NASA's external payroll service provider is responsible for performing reconciliations to other systems outside of NASA.

(3) Record retention and management of payroll data.

b. NASA organizations provide the reporting, reconciliation, and record retention function for:

(1) Payroll data processed through their systems.

(2) Hard copy documents processed through NASA.

# Chapter 3. Time and Attendance

## 3.1 Agency Requirements

A record of time in pay and non-pay status will be maintained for purposes of computing pay, leave, and allowances. For each employee and each pay period, a certified T&A report will be furnished to the appropriate payroll office; this will be the basis for salary payment to the employee. NASA's T&A system will supply the attendance report. For detailed instructions on the preparation and submission of the biweekly T&A report, refer to the NASA T&A instructions.

## 3.2 Reporting and Approval

3.2.1 T&A data will be timely and accurately recorded in the T&A system (or related supporting documentation, if appropriate):

- a. The employees' input hours worked and leave taken by leave type into the T&A system.
- b. The employees' supervisor certification of the T&A system data.
- c. Refer to NPR 3600.2, NASA Telework Program, for procedures and responsibilities and timekeeping requirements related to the Agency telework program.

## 3.3 Time and Attendance Reports

3.3.1 T&A, supporting documents, or computer files of T&A data will be maintained to show each employee's entitlement to their normal pay, or to a greater or lesser amount, by showing the number of hours worked and the nature and length of absences.

3.3.2 All T&A reports and other supporting documents will be reviewed and approved by an Authorized official knowledgeable of the employee's number of hours worked and absence. Authorized officials acknowledge awareness and understanding of their responsibility when they sign the document or enters a designated approval code (electronic signature) into the T&A system.

3.3.3 The T&A system shall provide reports to support payroll processing as well as support internal and external audits. The T&A system shall provide the ability to report T&A details for each employee by pay period.

3.3.4 Supervisor T&A system certification is an attestation of the following:

- a. Any related documentation or data elements, including approvals, are maintained in computer files.
- b. Supporting documents or computerized files are reviewed by the supervisor prior to approving T&A data.
- c. The employee is or will be informed of supervisor and other official's changes to time.

3.3.5 Safeguards to prevent unauthorized entry and changes will be implemented when using

automated signatures for approval of T&A reports.

### 3.3.6 T&A information will be submitted to the NPO for all employees.

3.3.6.1 Failure to Enter and Approve T&A Data in the T&A System by Deadline. Centers' T&A data will be entered, approved, and submitted to the NSSC for final certification by the biweekly deadline currently defined by the Agency. The NSSC will record annual leave for Centers' missing or unapproved time sheets during the final validation and certification process to ensure salary payments are processed. In the rare instance of this occurrence, a time sheet adjustment may be entered and approved in the T&A system the following pay period for corrective action.

3.3.6.2 Manual (Hardcopy) Time Sheet Adjustment Requests: All T&A information will be entered and approved through the T&A system. This is imperative for maintaining data consistency between systems and applications utilizing T&A system data for processing and reporting purposes. Missing or unapproved T&A data may not be corrected via manual time sheet adjustments submitted to the NSSC or NASA's external payroll service provider. Exceptions are allowed only in conditions where failure to process an intervening (manual) adjustment causes an employee to not receive a salary payment or results in a violation of internal controls.

# Chapter 4. Leave

## 4.1 Agency Requirements

Leave is intended to be used for all non-work absences to accurately account for and properly charge the appropriate leave category or excused leave for the particular situation. All hours of leave are governed by NASA policy, as specified by OPM through the CFR. The NSSC will be responsible for determining leave accrual rates. Leave accrual and usage will be documented in the Agency's T&A system.

## 4.2 Requirement for Recording Leave

4.2.1 Leave taken will be properly authorized and documented:

- a. Leave used will be documented and approved in writing or electronically by a supervisor designated to make such approvals.
- b. Documentation for leave used will show the dates, amounts, and types of leave taken. Documentation will be maintained to support entitlement to certain types of leave, where applicable, such as subpoenas for court attendance as a witness; certificates of attendance in support of court leave granted for jury duty; military orders and certifications of attendance supporting military leave granted; and memorandums of approval to restore unused leave which would otherwise be lost.

4.2.2 Information on leave use and accrual will be accurately determined and promptly provided to ensure certain leave-related collections from employees and for preparation of financial reports.

4.2.3 The payroll system will provide information to the general ledger, accounts receivable, or collections system to ensure prompt and accurate collection, through establishment of accounts receivable, appropriate reports, and follow-up actions, for:

- a. Health and life insurance premiums when gross pay is insufficient to fund the deductions (such as when an employee is on leave without pay and will pay NASA for health insurance premiums in order to keep the insurance in force).
- b. Collectible court juror or witness reimbursements to employees while not in a leave status.
- c. Leave taken in excess of leave earned at separation.

## 4.3 Reporting Leave Data, Transfers, and Separations

An employee's record of leave data will be transmitted by NSSC in accordance with the agency services delivery guides. Leave donations will be handled through the NSSC Human Resources Office.



# Chapter 5. Gross Pay Calculations

## 5.1 Agency Requirements

Pay calculations will be performed at the end of each pay period after processing properly authorized T&A reports containing information on time worked and leave taken. Basic pay is defined as the product of a pay rate multiplied by the number of pay units (hours, days, or other appropriate units). Gross pay includes all taxable and nontaxable pay before deductions, including awards of back pay and accumulated interest. In addition to regular ("base" or "basic") and overtime pay, gross pay also may include the value of allowances, such as foreign post differential, cost of living allowances, awards, and bonuses. The various types of allowances are discussed in Chapter 6 of this NPR.

## 5.2 Gross Payroll Systems Objectives

5.2.1 The following are required to meet payroll system gross pay objectives:

a. Gross pay will be accurately computed.

(1) The payroll system will contain and compute correct dollar values for allowances, entitlements, and awards of back pay and interest and correctly include them in the determination of gross pay.

(2) Gross pay, including allowances and entitlements where applicable, will be properly adjusted for leave without pay or absence without leave.

b. There will be adequate and accurate documentation.

(1) NSSC staff shall review pay, leave, and allowance documentation before releasing it to NASA's external payroll service provider for processing to:

(a) Ensure the information necessary to process and support the transactions is supplied.

(b) Ensure the proper official has approved the data as complete and accurate.

(c) Ensure pay rates and units are current.

(2) Each employee will be provided a leave and earnings statement showing the nature and amount of changes in gross pay from one pay period to the next.

(3) Documentation on pay, leave, and allowances will be stored in accordance with the GRS to support all computations of gross pay.

(4) Documentation for rates and units of pay, time in pay status, and entitlements will be maintained and readily available for operational and audit needs.

5.2.2 Entitlements will be properly authorized.

5.2.2.1 Entitlements to and establishment of rates of pay, leave, and allowances will be approved by individuals who have no responsibility for computing the payroll, entering payroll data into the accounting records, entering hours worked or other units of pay into the payroll system, and distributing pay.



5.2.2.2 Time worked and leave taken, as recorded on T&A or absence reports, will be properly authorized.

5.2.2.3 No employee may authorize their own entitlement to, or rate of, pay, leave, and allowances.

# Chapter 6. Allowances And Other Special Entitlements

## 6.1 Overview

OPM provides Government-wide leadership by developing and maintaining regulations and policies on pay administration, including basic pay setting, locality pay, special pay rates, back pay, pay limitations, premium pay, grade and pay retention, severance pay, recruitment and relocation bonuses, retention allowances, and cost-of-living allowances. Each Federal agency is responsible for administering appropriate pay policies and programs for its own employees. Payroll allowances or other special entitlements will be properly authorized and documented by an appropriate form signed or electronically approved by a designated official.

## 6.2 Agency Requirements

6.2.1 Payroll system requirements for allowances and other special entitlements are:

a. Each allowance or special entitlement granted will be properly authorized and documented by an appropriate form signed or electronically approved by a designated official.

b. A record of each type of allowance or special entitlement granted will be maintained for each employee to show:

(1) The nature and type of each allowance or special entitlement granted.

(2) Any conditions related to the allowance or special entitlement.

(3) The period of time.

c. The dollar value of each allowance or special entitlement will be properly determined and promptly entered into the payroll system.

## 6.3 Various Types of Allowances and Special Entitlements

6.3.1 Back Pay. Under the provisions of Back Pay Due to Unjustified Personnel Action, 5 U.S.C. 5596, when an appropriate authority finds an employee was affected by an unjustified or unwarranted personnel action that resulted in the withdrawal, reduction, or denial of all or part of the pay, allowances, and differentials otherwise due the employee, the payment of back pay, interest, and reasonable attorney fees for the purpose of making the employee financially whole is authorized.

6.3.2 Environmental Differentials. Prevailing Rate Determinations; Wage Schedules; Night Differentials, 5 U.S.C. § 5343(c) (4) authorizes payment of an environmental differential, for prevailing rate employees (wage grade) when exposed to a working condition or hazard identified within one of the categories approved by OPM.

6.3.3 Hazard Pay Differential. Night, Standby, Irregular, and Hazardous Duty Differential, 5 U.S.C.

§ 5545(d), as amended, authorizes payment of differentials for duty involving unusual physical hardship or hazard to employees. Regulations governing hazard pay are contained in 5 CFR pt. 550, (General) subpt I-Pay for Duty Involving Physical Hardship or Hazard.

6.3.4 Monetary Awards. The payment of monetary awards to NASA employees will be processed only upon receipt of a properly approved authorization. Monetary awards will be included in the employee's regular salary payment. Incentive Contributions Board payments are only subject to Federal, state, and local taxes. Regarding the taxability of unpaid amounts for salary and monetary awards due decedents, see IRS Publication 599, Survivors, Executors, and Administrators.

6.3.5 Injury, Traumatic (Continuation of Pay). The FECA as amended (5 U.S.C. § 8101) provides compensation and authorized medical care for all civilian employees of the United States for disability due to personal injury sustained while in the performance of duty. Regulations governing injury compensation are contained in Claims for Compensation Under the Federal Employees' Compensation Act, 20 CFR, pt. 10.

6.3.6 Locality-Based Comparability Payments. The percentage rate for the locality-based comparability adjustment will be paid to General Schedule employees whose official duty stations are identified annually by OPM in accordance with Locality-Based Comparability Payments, 5 U.S.C. § 5304. The duty station of the employee's position of record is as indicated on their most recent notification of personnel action.

6.3.7 Overseas Differentials and Allowances. Allowances and differentials for foreign posts of duty are authorized under the provisions of Allowances, 5 U.S.C. §§ 5921 - 5928. The NPO monitors and updates the Overseas Allowance.

6.3.8 Lump-sum Annual Leave Payments.

6.3.8.1 In accordance with Lump-sum Payment for Accumulated and Accrued Leave on Separation, 5 U.S.C. § 5551, as amended, an employee who is separated from the Federal service or enters on active duty in the Armed Forces, is entitled to receive a lump-sum payment for accumulated and unused current accrued annual leave to which he or she is entitled by statute.

6.3.8.2 In accordance with Lump-sum Payment for Accumulated and Accrued Leave on Entering Active Duty, 5 U.S.C. § 5552, as amended, employees who enter on active duty in the Armed Forces have the option to elect lump-sum payment for accumulated and unused accrued annual leave or to elect to have the leave remain to their credit until their return from active duty. However, any unused leave restored under Annual Leave, Accumulation, 5 U.S.C. § 6304(d) (1) may not be retained, but will be liquidated by lump-sum payment immediately, provided it is still available for use within the time limits prescribed by OPM regulations.

6.3.9 Overtime and Compensatory Time.

6.3.9.1 Requests for overtime (OT) work will be ordered or approved by a properly designated official. The authorizing or approving official will be at least one-level senior to the official requesting approval. OT will be limited to cases of necessity. Refer to NPR 3530.1, NASA Pay and Compensation Policy, for details on OT pay.

6.3.9.2 Original OT and compensatory time (CT) authorizations will be retained by the authorizing office or other control point for three years to substantiate pay. The original OT and CT authorizations are approved in the T&A system and should be available in the system as required for records retention and audits.

6.3.9.3 OT pay for nonexempt FLSA employees will always be computed and paid under the FLSA, as provided in Pay Administration Under the Fair Labor Standards Act (FLSA), 5 CFR pt. 551. Under the FLSA provisions, hours in a paid nonworking status (i.e., such as "call back" time) will be deemed to be hours of work.

6.3.9.4 CT will be paid in accordance with NPR 3530.1.

6.3.10 Payments during Evacuation. To the extent possible and practicable, during an evacuation, pay, leave, and other significant data will be sent from the evacuated Center to the safe-haven post as soon as possible after the evacuation order has been issued so they will be available to support further payments. To the extent possible and practical, employees remaining at the evacuated Centers will continue to be paid in accordance with normal fiscal procedures. Where normal procedures cannot be followed, the NPO, in consultation with Center and Headquarters management, will implement emergency processing procedures. This includes utilizing backup NASA Automated Data Processing Consolidation Center (NADPCC) facilities and emergency operating processes to pay personnel at evacuated locations.

6.3.11 Recruitment or Relocations Bonuses. In accordance with Recruitment and Relocation Bonuses, 5 U.S.C. § 5753, an amount up to 50 percent of an employee's rate of basic pay (excluding any comparability payments under 5 U.S.C. § 5304) may be paid, in a lump sum, to new appointees to assist in hiring highly qualified employees for difficult-to-fill positions or to current employees to assist in relocating highly qualified employees to different commuting areas for difficult-to-fill positions. Specific guidance on bonus eligibility and maximum bonus percentages is contained in NPR 3530.1.

6.3.12 Retention Allowance. In accordance with Retention of Bonuses, 5 U.S.C. § 5754, an amount up to 25 percent of an employee's rate of basic pay (excluding any comparability payments) may be paid, in the same manner and same time as basic pay, to a current employee to assist in retaining the employee for a key position based on the unusually high or unique qualifications of the employee or special needs of NASA for the employee's services. Payment of the allowance will be based on a written determination that in the absence of such allowance the employee would be likely to leave. A retention allowance is not considered a part of an employee's rate of basic pay for computing any additional pay or allowances or for any other purpose. Retention allowances are subject to income tax and Federal Insurance Contribution Act (FICA) taxes. Specific guidance on retention allowance eligibility and maximum bonus percentages is contained in NPR 3530.1

6.3.13 Severance Pay. The authority for payment of severance pay is contained in Severance Pay, 5 U.S.C. § 5595. Severance pay is authorized for employees who are involuntarily separated from Federal service, not by removal for cause on charges of misconduct, delinquency, or inefficiency, and meet other conditions of eligibility. Payment will be made biweekly based on the salary the employee would be paid if still employed.

6.3.14 Unemployment Compensation.

6.3.14.1 5 U.S.C. Ch. 85, as amended, provides for a program of unemployment compensation for unemployed Federal civilian employees. The Secretary of Labor is responsible for the general administration of the Unemployment Compensation for the Federal Employees program. State employment security agencies are responsible for determining entitlement to compensation and the amount of benefits payable to unemployed Federal civilian employees under the provisions of the applicable state unemployment insurance law.

6.3.14.2 In accordance with Unemployment Compensation of Federal Civilian Employees, 20 CFR, pt. 609, the NPO and Center payroll offices will furnish appropriate information regarding the employee's rights and responsibilities. NASA's external payroll service provider will provide state employment security agencies with information concerning Federal service and Federal wages of an employee as necessary. This information will be used for the determination of the entitlement for compensation e.g, verification of the employee Federal service; the periods of Federal service; the amount of Federal wages; reasons for termination of Federal service) within four workdays after receipt of request from the state employment security agencies.

6.3.15 Uniform Allowance. In accordance with Uniform Allowances, 5 U.S.C. §§ 5901-5902, as amended, use of appropriated funds for the purpose of paying uniform allowances is authorized. The cost of uniforms, or the allowance to each eligible employee for acquisition of uniforms, may not exceed \$400 a year.

# Chapter 7. Withholding of Deductions From Gross Pay

## 7.1 Agency Requirements

The withholding of deductions from gross pay will be performed in accordance with applicable laws and regulations.

## 7.2 Authorization

7.2.1 Payroll withholding of deductions made from an employee's pay will be:

- a. Properly authorized by the employee, or in accordance with applicable regulations.
- b. Adequately documented.
- c. Paid when due to the appropriate recipient in the amount authorized.

## 7.3 Types of Deductions

7.3.1 The two basic types of deductions are those which are:

- a. Required by laws, regulations, or legal decisions, such as:
  - (1) Federal, state, and local income taxes and FICA.
  - (2) Retirement.
  - (3) Garnishments for alimony and child support.
  - (4) IRS tax levies.
  - (5) Other indebtedness to the U.S. Government.
  - (6) Federal Employees Health Benefit (FEHB) program.
  - (7) Federal Employees Group Life Insurance (FEGLI).
- b. Voluntary, personal allotments to designated payees, such as:
  - (1) TSP.
  - (2) U.S. Savings Bonds, Series EE and I.
  - (3) Savings allotments.
  - (4) Combined Federal Campaign.
  - (5) NASA Employees Benefit Association life insurance.

(6) Dues to authorized employee organizations.

(7) Labor Union Dues.

## **7.4 Order of Withholding Preference for Deductions**

7.4.1 NASA's order of precedence for withholding of deductions will comply with applicable laws, regulations, or other legal authority. These regulatory requirements including the following regulations in Definitions, 5 CFR §§ 550.301 (dealing with allotments), Back Pay Computations, 5 CFR § 550.805, Agency Regulations, 550.1104 (dealing with debt collection via salary offset), Exclusions, 5 CFR § 581.105 (dealing with garnishments for child support and/or alimony), and Exclusions, 5 CFR § 582.103 (dealing with garnishments for commercial debt). Consistent with Authority of Agency, 5 CFR § 550.311, retirement deductions under the Civil Service Retirement System (CSRS) or the FERS will be made before any other deduction (except in the case of back pay as provided in 5 CFR § 550.805. Also, as required by Installment Deduction for Indebtedness to the United States, 5 U.S.C. § 5514(d), a levy pursuant to the Internal Revenue Code takes precedence over salary offsets under 5 U.S.C. § 5514 (dealing with offsets to recover a debt due the United States Government).

7.4.2 When the gross pay of an employee is not sufficient to permit all deductions required by law to be made, the deductions will be taken in the following order, unless specified otherwise by a bankruptcy court under the bankruptcy laws of Title 11 of the United States Code or under the laws of Title 5 of the United States Code. In such instance, the court's order will be followed. NASA will use the following order of precedence for applying deductions from the gross pay of its civilian employees when gross pay is not sufficient to cover all authorized deductions.

- a. Retirement (CSRS or FERS) (except in the case of back pay, use the order of deductions as provided in 5 CFR 550.805(e).
- b. FICA tax or Medicare tax.
- c. Federal income tax.
- d. Health insurance premiums (current pay period and, if owed by employee, for up to four pay periods immediately preceding the current period).
- e. Basic group life insurance premiums.
- f. State income tax.
- g. Local income tax.
- h. Mandatory repayment of debts to the United States including unpaid advances of pay, travel, etc.
- i. Court-ordered garnishment for alimony and child support payments.
- j. Commercial Garnishments.
- k. Voluntary alimony or child support payments.
- l. Court-ordered bankruptcy payments under Title 11 of the United States Code.
- m. Optional life insurance.



- n. Voluntary repayments of indebtedness to the United States.
- o. All other voluntary deductions, including TSP or repayment of TSP loans.
- p. IRS levy for back Federal income taxes (based on net take-home pay).

## 7.5 Other Deductions

7.5.1 Deduction to Collect Erroneous Payment. 5 U.S.C. § 5514 authorizes that deductions may be made from the current pay of employees to satisfy indebtedness incurred as the result of an erroneous payment to or on behalf of the employee. Authorized NASA officials in accordance with NPD 9645.2, Claims of Erroneous Payment of Pay and Allowances, Travel, Transportation, and Relocation Expenses and Allowances, makes determination of indebtedness of the employee. When it is found an erroneous payment has been made, the employee involved will be notified, in writing, regarding the indebtedness.

7.5.2 Deduction to Collect Delinquent Federal Income Tax. Levy and Dstraint, 26 U.S.C. § 6331 permits district directors of the IRS to levy on the accrued salary or wages of any employee of the United States in order to satisfy a tax liability. Before the IRS issues a notice of levy, employees may arrange with the IRS to liquidate their tax liability by voluntary payroll deductions.

7.5.2.1 Settlement through Payroll Deduction. When an employee makes a satisfactory arrangement with the IRS to liquidate their tax liability by payroll deduction, an original IRS Form 2159, Payroll Deduction Agreement signed by the employee and the IRS will be delivered to the NPO. The IRS Form 2159 will specify the amount to be deducted each pay period, the employee's tax account number, and the number of consecutive pay periods the deduction will be made.

7.5.2.2 Settlement by Levy. As a general rule, IRS Form 668-W Notice of Levy on Wages, Salary, and Other Income, will be served directly on the payroll certifying officer by the IRS. A levy upon wages or salary is continuous from the date the levy is first made until the liability giving rise to the levy is satisfied or until a release of levy is received from the IRS. Payroll deductions will be made according to the order of precedence shown above.

### 7.5.3 Jury Duty Fees.

7.5.3.1 Under the provisions of Fees for Jury and Witness Service, 5 U.S.C. § 5537, no jury fees are paid to employees who are called upon for jury service in any court of the United States and, therefore, no collection is required.

7.5.3.2 Every effort will be made to collect any fees paid the employee by state courts for jury duty. However, the part of the fee received for periods of jury duty which are for time not within the employee's normal workday or week and consequently not covered by court leave for jury duty, may be retained by the employee. The employee may retain amounts received by an employee that are specified by the court as reimbursement for expenses, (i.e., traveling expenses) rather than compensation. Prior to collection, Center payroll offices will determine, based on the applicable local jurisdiction laws governing the court, whether jury fees paid to employees constitute reimbursement for expenses in lieu of compensation for services. If direct collection is not made, the amount due will be collected by payroll deduction.



# Chapter 8. Payroll-Related Disbursements

## 8.1 Agency Requirements

8.1.1 Below are the standards for payroll-related disbursements. NASA OCHCO, the NASA CFO, and the Agency DCFO(F) shall ensure NASA's external payroll service provider's actions result in pay administration consistent with these standards.

8.1.1.1 Disbursements will be properly authorized, adequately documented, accurately computed, and promptly paid.

8.1.1.2 The Voucher and Schedule of Payments, SF 1166 will be prepared on the basis of computed pay and deductions for employees. Electronic media containing payee names, check mailing addresses, and individual check amounts provide the detail supporting the schedule. Detailed instructions for the preparation of the SF 1166 are prescribed in the TFM. The SF 1166 lists disbursements as follows:

- a. Net pay to employees by means of EFT to the employee's financial organization or, where a waiver has been requested, by individual check.
- b. Allotments to financial institutions via EFT.
- c. Disbursements to state and local taxing authorities to pay state, including the District of Columbia, and local income taxes withheld.
- d. Transferring deductions for CSRS/FERS retirement, life insurance and accidental death and dismemberments insurance, and health benefits, along with related NASA contributions, to OPM.
- e. Transferring Federal income tax deductions, along with NASA and employee FICA and Medicare contributions, to the IRS.
- f. Transferring FERS TSP deductions for employee's contributions and loan repayments and employer's contributions to the Federal Retirement Thrift Investment Board.
- g. Transferring deductions for NASA Employee Benefits Association to the insurance carrier.

## 8.2 Certification and Transmission

8.2.1 The SF 1166 and electronic media for the creation of EFT payments or checks should be verified prior to certification. Verification will be performed to provide a cross-check for accuracy and to reduce the possibility of unauthorized, fraudulent, and other irregular acts.

8.2.2 The payroll voucher will be certified according to Treasury requirements and transmitted to the Treasury Regional Disbursing Office by an authorized certifying officer who does not compute the individual amounts payable or maintain the payroll records.

8.2.3 The authorized certifying officer will make an examination of the facts underlying the vouchers as is necessary to ensure the correctness and validity of the payments.



# Appendix A. Acronyms

AAO	Agency Applications Office
AMO	Agency Management and Operations
ALDS	Agency Labor Distribution System
AP	Applications Program
CFR	Code of Federal Regulations
CSRS	Civil Service Retirement System
CT	Compensatory Time
DCFO(F)	Deputy Chief Financial Officer for Finance
EFT	Electronic Funds Transfer
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FLSA	Fair Labor Standards Act
GAO	Government Accountability Office
GRS	General Records Schedule
HR	Human Resources
ICD	Interface Control Document
IRS	Internal Revenue Service
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OCHCO	Office of Chief Human Capital Officer
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OT	Overtime
NPO	NSSC Payroll Office
NSSC	NASA Shared Services Center
SF	Standard Form

SSAE	Statement on Standards for Attestation Engagement
SSMS	Safety, Security, and Mission Services
T&A	Time and Attendance
TFM	Treasury Financial Manual
TSP	Thrift Savings Plan
WebTADS	Web-based Time and Attendance System

# Appendix B. References

B.1 Pay Administration, 5 U.S.C. Chapter 55

B.2 Claims Collection Standards, 5 CFR pt. 179.

B.3 The Privacy Act of 1974, 5 U.S.C. § 552a

B.4 Prevailing Rate Determinations; Wage Schedules; Night Differentials, 5 U.S.C. § 5343(c) (4)

B.5 Biweekly Pay Periods, Computation of Pay, 5 U.S.C. § 5504

B.6 Night, Standby, Irregular, and Hazardous Duty Differential, 5 U.S.C. § 5545 (d).

B.7 Levy and Distraint, 26 U.S.C. § 6331.

B.8 Allotments and Assignments for Pay, I Treasury Financial Manual (TFM) pt. 3, ch. 7000

B.9 Government Auditing Standards (2011 Revision), GAO-12-331G

B.10 IRS Form 2159, Payroll Deduction Agreement

# Appendix C. Funding Sources for Employment Incentives/Termination Costs

C.1 This appendix provides a matrix of the funding sources that may be used for employment incentives and termination costs in a table format. Table C-1 is presented from a Center's perspective. When the benefitting organization is within NASA Headquarters, the following apply:

a. Any organization with direct funding is responsible for funding the incentive; e.g., Mission Directorates, Office of STEM Engagement, Office of the Chief Health and Medical Officer, Office of the Chief Engineer, Office of the Chief Information Officer, Office of Safety and Mission Assurance, Office of the Chief Financial Officer, NASA Shared Services Center, and Office of the Inspector General.

b. Agency Management and Operations (AM&O) will fund Headquarters Operations and Mission Support Offices that are funded exclusively from the AM&O budget, e.g., the Office of the Administrator and the offices of the Chief Human Capital Officer, General Counsel, Infrastructure and Administration, and Chief Financial Officer. The Executive Director, Office of Headquarters Operations, and Director, Office of Budget Management and Systems Support will resolve any issues regarding appropriate source of funding for NASA Headquarters. The benefitting program/project(s) will be documented on the request for personnel action. The Human Resources Director coordinates personnel actions and may ask program management or the CFO office to provide information for a decision if the resourcing program/project(s) have not been identified or are in dispute.

**Table A. Funding Sources for Employment Incentives/Termination Costs**

Agency Incentive/ Funded Item	Funding Criteria	Funding Source
<b>Hiring New Employees</b>		
<b>Recruitment Bonuses</b>	Person is dedicated to a specific program or project.	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.
	Person is dedicated to more than one project within the same office/program.	Allocation to benefitting projects in proportion to the amounts of time the person is expected to be working on those projects.
	Person is planned to work on multiple projects across different programs or in Safety, Security, and Mission Services (SSMS). This can also include circumstances where the person is planned to work on some direct projects and some	SSMS

	support projects.	
<b>Relocation Allowances (e.g., transportation, per diem, household goods)</b>	Person is dedicated to a specific program or project.	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.
	Person is planned to work on different projects.	SSMS
<b>Transferring and Relocating Employees</b>		
<b>Agency Incentive/ Funded Item</b>	<b>Funding Criteria</b>	<b>Funding Source</b>
<b>Relocation Incentives</b>	Person is dedicated to a specific program or project.	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.
	Person is planned to work on different projects.	SSMS
<b>Relocation Allowances (Permanent Changes of Station, e.g., transportation, per diem, household goods, selling or buying real estate)</b>	Person is dedicated to a specific program or project.	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.
	Person is planned to work on different projects.	SSMS
<b>Retaining Employees</b>		
<b>Agency Incentive/ Funded Item</b>	<b>Funding Criteria</b>	<b>Funding Source</b>
<b>Retention Incentives</b>	N/A	Benefitting project(s) - as part of the personnel costs charged to projects each pay period when work is performed (based on WebTADS).
<b>Terminating Employees</b>		
<b>Agency Incentive/ Funded Item</b>	<b>Funding Criteria</b>	<b>Funding Source</b>
	Person is dedicated to a specific program or project. Amount of the buyout will be determined by Office of Personnel Management guidance and be less than or equal to the pay the person is planned to receive in	Benefitting program or project. If assigned to a program with multiple projects at the Center, the primary project for which the benefits will be derived.

<b>Buyouts (Voluntary Separation Incentive Payments)</b>	the year of termination.	
	Person has been dedicated to more than one project within the same office/program. Amount of the buyout will be determined by Office of Personnel Management guidance and be less than or equal to the pay the person is planned to receive in the year of termination.	Distribute to benefitting projects in proportion to the time the incumbent was expected to work on those projects. If unknown, distribute based on work performed during the prior four pay periods.
	Person has worked on multiple projects across different programs or in SSMS. This may also include circumstances where the person worked on some direct projects and some overhead projects.	SSMS
<b>Severance Pay</b>	Person has been dedicated to a specific program or project.	Program or project that benefitted during employment. If assigned to a program with multiple projects at the Center, the primary project that benefitted.
	Person has been dedicated to more than one project within the same office/program.	Distribute to projects that benefitted during employment in proportion to the amounts of time the person was expected to work on those projects.
	Person has worked on multiple projects across different programs or in SSMS. This may also include circumstances where the person worked on some direct projects and some overhead projects.	SSMS
<b>Lump Sum Annual Leave Payment</b>	N/A	SSMS
<b>Reimbursable Positions</b>		
<b>Agency Incentive/ Funded Item</b>	<b>Funding Criteria</b>	<b>Funding Source</b>
<b>Hiring Incentives</b>	Reimbursable-Funded Position	If an employee is hired specifically to work on a reimbursable project, the reimbursable customer will be charged as part of the costs necessary to perform the reimbursable work.



<b>Buyouts/ Severance Pay</b>	<b>Reimbursable-Funded Position</b>	In the rare case that a reimbursable project is of such a long duration that a term employee hired specifically to work on the reimbursable project was converted to NASA permanent employment and the customer terminates the contract/agreement early, the customer will be charged for the costs of terminating the employee as a part of the early contract/ agreement termination fees unless prohibited by the contract/agreement or the authority used to enter into it.
-----------------------------------	-------------------------------------	---